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Verity CREDIT UNION

HOME EQUITY EARLY DISCLOSURE
IMPORTANT TERMS OF OUR MASTERLINE HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Masterline Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS: All of the terms described below are subject to change. If these terms change (other than the Annual Percentage Rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest on your home. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS: We can terminate your line, require you to pay us the entire outstanding balance in one payment and charge you certain fees, If:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the Annual Percentage Rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum Annual Percentage Rate is reached.

Minimum Payment Requirements: You can obtain credit advances for 120 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at an amount equal to all accrued but unpaid Finance Charges estimated to be incurred as of the payment due date, plus any portion of the Minimum Payments shown on prior statements which remains unpaid, subject to a minimum of $100 or your Account balance, plus any amount that exceeds your approved Maximum Credit Limit.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the repayment period). You must discontinue the use of any Account access devices and return them to us immediately. The length of the repayment period will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed 180 months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period or change in interest rate, at an amount necessary to fully amortize your then outstanding account balance no later than the Agreement Maturity Date, subject to a minimum of $100 or your account balance. Payments will be applied first to unpaid Finance Charges due and then to principal. For payments received 15 or more days prior to a date which a payment is due, payments will be applied first to any unpaid Finance Charges from prior statements which remain unpaid and then to principal.

Minimum payment example: If you made only the minimum monthly payment and took no other credit advances, it would take 154 months to pay off a credit advance of $10,000 at an **ANNUAL PERCENTAGE RATE** of 7.24%. You would make 120 monthly payments of $100.00 during the draw period followed by 33 monthly payments of $100.00 during the repayment period and a final payment of $72.09

Late Charge: If your payment is 10 or more days late you will be charged 10.00% of the aggregate payment due or $10.00 whichever is greater.

Annual Fee: There is no annual fee for the Masterline Home Equity Line of Credit.

Third Party Fees: You may have to pay certain fees to third parties. These fees generally total between $50 and $1,290. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

Early Closure Fee: If your account is paid in full and closed within 24 months, you will be charged the lesser of $350.00 or 2% of the initial credit limit.

Property Insurance: You must carry insurance on the property that secures this Plan.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Variable Rate: Your Plan is subject to a Variable Rate and the Annual Percentage Rate (corresponding to the periodic rate) can change as a result. The Annual Percentage Rate is based on the highest Prime Rate as published in the Money Rates Section of The Wall Street Journal in effect on the first day of each month ("Index"). To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the index. Changes in the Index will cause changes in the Interest Rate on the first day of the month immediately following any such change in the Index. Increases and decreases in the Interest Rate will result in like increases or decreases in Finance Charge and may affect the amount of your scheduled payments during the draw and repayment periods. If the index becomes unavailable, we will choose another Index with a similar Interest Rate.

Ask us for the current index value, margin, and Annual Percentage Rate. After you open a line of credit, rate information will be provided in periodic statements that we send you.

Rate Changes: There is no limit on the amount the Annual Percentage Rate can change on any given monthly change date or during any 12-month period. Your
Annual Percentage Rate will never be greater than 15.00% (or the maximum allowed by applicable law) nor less than 4.00% for 80% CLTV, 4.75% for 90% CLTV or 5.50% for 100% CLTV.

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The Credit Union has the right to waive an increase in the Annual Percentage Rate on any change date, but such a waiver shall not be construed as a waiver of the Credit Union's right to increase the Annual Percentage Rate at a future change date. The stated Annual Percentage Rate is also the effective rate and reflects only cost of interest.

Fixed Rate Option: At any time during the Draw Period, you may lock in a fixed rate on all or a portion of your home equity line of credit balance. The interest rate is locked for the term you select and is disclosed separately on the Home Equity Advance Voucher. As you pay down your locked principal balance, your available balance is replenished for additional use. You can also use your remaining, unlocked credit at a variable interest rate.

- The fixed rate option will be for a period from 5, 10 or 15 years, which you may select.
- Each lock period will have its own payment amount, based on its rate and amortization period.
- The rate for fixed rate option periods will be determined by the Credit Union, at the time of lock.
- You can have no more than three (3) fixed rate options in effect at any one time.
- The minimum amount for each lock is $5,000.00 (up to your available home equity line of credit limit). Contact the Credit Union for minimum requirements per rate lock period.
- As you pay off your locked principal balance, your available balance is replenished for additional use. Your remaining, unlocked balance credit remains at the current variable interest rate.

Maximum Rate and Payment Examples: If you had an outstanding balance of $10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.00% would be $124.99. This Annual Percentage Rate could be reached in the 1st month of the draw period.

If you had an outstanding balance of $10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.00% would be $139.95. This Annual Percentage Rate could be reached in the 1st month of the repayment period.

Historical Examples: The following table shows how the Annual Percentage Rate and the minimum payments for a single $10,000 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day in January of each year. While only one payment amount per year is shown, payments would have varied slightly during the year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. **It does not necessarily indicate how the Index, Margin, Annual Percentage Rate or your Monthly Payments would change in the future.**

Year	Index	Margin[1]	APR	Payment
2012	3.25	0.49	4.00[2]	$100.00
2013	3.25	0.49	4.00[2]	$100.00
2014	3.25	0.49	4.00[2]	$100.00
2015	3.25	0.49	4.00[2]	$100.00
2016	3.50	0.49	4.00[2]	$100.00
2017	3.75	0.49	4.24	$100.00
2018	4.50	0.49	4.99	$100.00
2019	5.50	0.49	5.99	$100.00
2020	4.75	0.49	5.24	$100.00

2021	3.25	0.49	4.00[2]	$100.00
2022	3.25	0.49	4.00[2]	$100.00
2023	7.50	0.49	7.99	$0.00
2024	8.50	0.49	8.99	$0.00
2025	7.50	0.49	7.99	$0.00
2026	6.75	0.49	7.24	$0.00

[1] This is a margin we have used recently for accounts with 75% or lower LTV and excellent credit.

[2] This rate represents the minimum rate for accounts with 75% or lower LTV.

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